

June 27, 2002

To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne Brathwaite Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

STATE LEGISLATIVE UPDATE

State to Withhold Social Service Payments to Counties

This morning, the California Department of Social Services (CDSS) sent the attached letter to all county welfare directors informing them that advance payments for certain programs normally made at the end of June will not be dispersed because a State budget has not been approved. For the first time in memory, the State is taking the position that no State or Federal funds can be distributed without a legislative appropriation unless the program is mandated by Federal law.

State and Federal funds will continue to be provided for Federally-mandated programs such as Food Stamps and the Federal Foster Care program. However, no funds will be provided for the following programs: CalWORKs, Adult Protective Services, Kin-Gap, State-only Adoptions Assistance, State-only Foster Care, TANF probation program, Independent Living Program, Community Care Licensing, Specialized Services, and Cash Assistance Program for Immigrants. The immediate impact is limited to CalWORKs, Kin-Gap and Cash Assistance for Immigrants since the remaining programs are not scheduled to receive advance payments until the end of July.

According to the CDSS letter, State law (Welfare and Institutions Code Section 11207) provides that counties have "an independent obligation" to continue administering CalWORKs despite the withholding of State and Federal funds. That obligation includes benefit payments, required work activities, and supportive services such as child care. The same obligation extends to the Kin-Gap and State-only Foster Care programs. As a result,

the County will have to use its funds for these three programs until a State budget is approved. County Counsel's Association of California has informed CDSS that it disagrees with their legal interpretation that counties have an "independent obligation" to fully fund these programs; and that if the State persists, the likely outcome will be multiple lawsuits.

This action by CDSS is in response to a decision by the Second District Court of Appeals on May 29, 2002 (White v. Davis), which held that certain payments made by the State, including payments to vendors, State employee salaries in excess of the minimum wage and Proposition 98 payments to school districts could not be paid after July 1 unless a State budget is in place. The lawsuit, filed by the Howard Jarvis Taxpayers Association in 1998, argued that the Controller lacked authority to make such payments in the absence of an approved State budget. State officials have indicated that they will appeal to the California Supreme Court. In the meantime, the CDSS letter adds to the pressure to adopt a State budget before July 1, 2002.

State Budget Update

As this is being written, the Assembly is again voting on SB 1830 (Peace), which is the budget related bill to shift \$1.7 billion of current year education funding into the budget year. The bill failed to pass last Thursday when Republicans refused to vote for it, precipitating the breakdown of the Budget Conference Committee. The Conference Committee is scheduled to meet tonight to discuss the Republican proposal to provide \$400 million for "equity funding" for suburban and rural school districts that they insisted on last Thursday before they would vote for SB 1830.

Pursuit of County Position on Legislation

SB 1548 (Alarcon) would require the State Department of Education to develop diagnostic tools to determine whether students are mastering the content standards of the visual and performing arts curricula. Funding for the development of these tools would be provided through the Arts Work Visual and Performing Arts Education Grant Program and would only be possible if Item 6110-177-001 of Section 2.00 of the Budget Act of 2002 is approved by the Governor.

The County Arts Commission recommends that the County support SB 1545 because development of assessment tools to determine mastery of the visual and performing arts is a key component of the County's strategic plan for arts education and such tools are best developed for statewide use. Since 27% of students in the State live in Los Angeles County, local arts programs would be major beneficiaries. **Support for SB 1548 is consistent with Section 4.9 of the County's State Legislative Agenda adopted by the Board on January 8, 2002, that supports measures which provide increased State funding for the Arts.**

SB 1548 passed out of the Senate on a 21 to 12 vote on May 29, 2002, and is currently in the Assembly Committee on Appropriations. It has the support of the California Alliance for Arts Education, the California Language Teachers Association, and the California Association for Health, Physical Education, Recreation and Dance. There is no registered opposition.

Status of County-Position Bills

County-supported SB 1162 (Polanco) passed the Assembly Health Committee on June 25, 2002, and now proceeds to the Assembly Appropriations Committee. SB 1162 would require the University of California Regents to consider expansion of the Charles R. Drew/UCLA Undergraduate Medical Education Program as a component of the University's current system-wide medical education program assessment.

County-supported SB 1427 (Escutia), which reduces the initial annual rate for low-cost automobile insurance for qualifying motorists in Los Angeles and San Francisco counties, passed the Assembly Insurance Committee on June 26, 2002, with technical amendments. SB 1427 now proceeds to the Assembly Appropriations Committee.

County-supported SB 1766 (Ortiz), which would require each retail sale of a tobacco product in the State to be a vendor-assisted, face-to-face sale, unless the seller verifies that the purchaser is at least 18 years of age and meets other specified requirements, passed the Assembly Governmental Organization Committee on June 24, 2002. SB 1766 now proceeds to the Assembly Floor.

County-opposed AB 81 (Migden), which requires large electric generating facilities (over 50 megawatts) to be assessed by the Board of Equalization rather than local assessors but allocates their property tax revenues to the jurisdiction in which they are located, was signed into law by the Governor on June 21, 2002. The County unsuccessfully sought an amendment to offset the loss of property taxes that it and other local jurisdictions experienced when power plants were shifted to local assessment in 1999.

County-opposed AB 507 (Havice) would require the Board of Supervisors to increase membership on the LACERA Board of Investments from nine to eleven by adding two additional members nominated by a majority of the County's certified bargaining units. It would also permit the retirement board, at the request of the Board of Supervisors, to adopt a pension liability funding plan as long as the plan is expressly part of a collective bargaining agreement covering two-thirds or more of the active members. The County continues to oppose the bill unless it is amended to contain mutually agreeable provisions regarding unfunded liability and the provisions relating to the membership of LACERA's Board of Investments are deleted. AB 507 moved out of the Senate Public Employees and Retirement Committee on June 24, 2002, based upon representations that the County needed "motivation to respond...." AB 507 now goes to the Senate Floor.

County-opposed AB 2006 (Cedillo) was amended on June 18, 2002, and now essentially reverses a portion of Los Angeles County's current terms and conditions of employment with the Physicians Bargaining Unit. Under the current terms and conditions, Choices replaced Megaflex/Flex. This bill would reverse this action. The bill passed out of the Senate Public Employees and Retirement Committee on June 24, 2002, and now goes to the Senate Floor.

County-opposed AB 1847 (Correa), which provides a job-related presumption for peace officers who develop or manifest an illness due to exposure to a biochemical substance, was approved by the Senate Public Employees and Retirement Committee on June 24, 2002, after the Committee was told that this presumption would provide employees with treatment faster than if they had to prove that the illness is job-related. The bill now goes to the Senate Appropriations Committee.

County-opposed AB 2908 (Goldberg) was amended on June 20, 2002, to address the County's concerns about local agency control over Meyers-Milias Brown Act (MMBA) rulings. Because the amendments were not clear, the bill was heard again in the Committee on June 24, 2002. Our Sacramento advocates worked with the sponsor, SEIU, and Committee staff to ensure that the County's Employee Relations Commission's authority to rule on local employee organization actions was restored. The County has now removed its opposition to AB 2908. The bill was approved by the Senate Public Employees and Retirement Committee on June 24, 2002, and rereferred to the Senate Judiciary Committee.

Each Supervisor
June 27, 2002
Page 5

County-opposed SB 1705 (Burton), that allows acupuncturists to become Qualified Medical Examiners (QME) in workers' compensation cases, was heard by the Assembly Insurance Committee on June 27, 2002. Due to concern that the bill expanded the scope of practice for acupuncturists, SB 1705 was held in committee. Another acupuncturist-related measure will be amended to require a study of the issue.

I will continue to keep you advised.

DEJ:GK
JR:lm

Attachment

c: Executive Officer, Board of Supervisors
 County Counsel
 All Department Heads
 Legislative Strategist
 Local 660
 Coalition of County Unions
 California Contract Cities Association
 Independent Cities Association
 League of California Cities
 City Managers Associations
 Buddy Program Participants